Ann & Robert H. Lurie
Children's Hospital of Chicago™

November 25, 2013

The Honorable Pat Quinn
Governor of Illinois
James R. Thompson Center
100 W. Randolph Street
16th Floor
Chicago, IL 60601

RE: Recommendations for the Illinois Medicaid 1115 Waiver

Dear Governor Quinn:

On behalf of Ann & Robert H. Lurie Children's Hospital of Chicago, I want thank you for the opportunity to provide comments on "The Path to Transformation: Concept Paper for an 1115 Waiver for Illinois Medicaid". Lurie Children's believes it is critically important to strengthen Medicaid services in Illinois and, in so doing, to advance the triple aim goals of health care reform. We therefore appreciate the interest of the State in potentially pursuing a broad Medicaid waiver that could advance these goals.

As you know, Lurie Children's provides more pediatric Medicaid services than any other hospital in the State – seven times more than Cook County Hospital. Medicaid inpatients comprise more than half of our volume. Because of the depth and breadth of specialty care we provide at Lurie Children's, we provide a significant amount of the care for children with medical complexity in the state – children who are concentrated in Medicaid and who generate the highest expenses in the program.

We have been working extensively to develop collaborative care structures and networks that connect community-based providers to pediatric specialists and subspecialists, and that employ medical homes, care coordination and advanced telecommunications to promote access to high quality care and avoid unnecessary hospital-based encounters. Lurie Children's has focused a great deal of effort on children with complex conditions through our existing community programs, through

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our collaboration with the State in creating a Care Coordination Entity (CCE), and through our work at the federal level to modify the Medicaid program to create an express authority for state plan amendments to implement nationally-designated children's hospital networks to serve medically complex children.

Lurie Children's has a long standing institutional dedication to ensuring that vulnerable populations be protected in terms of their access to necessary medical services. Accordingly, we strongly recommend that any waiver should reinforce the protections for patients and providers contained in Title XIX and not view those protections as impediments to fiscal expediency. In our own work we have found that such protections are not at all in conflict with efficient care delivery systems. Specifically, in the process of consolidating waiver programs that currently serve both children and adults, we believe it is critical to use assessments, eligibility criterion, and service allocation methods that reflect the unique medical and developmental needs of children.

We are supportive of several elements of the Concept Paper embodied in the four pathways to transformation. First, we are pleased to see that the Paper supports a strong commitment to continuing delivery system transformation, beyond the continued roll out, development and expansion of Care Coordination Entities (CCE's) (Pathway 2A). Similarly, we are very supportive of the proposed inclusion of new incentive-based pools to support delivery system reform in hospitals and health systems (Pathway 2C). We are also glad to see the inclusion of an expanded commitment to Medicaid Graduate Medical Education (Pathway 4A).

We would also like to offer the following specific comments and recommendations:

- ***Fully embrace the creation of children's hospital networks of care for children with medical complexities as part of the effort toward delivery system reform.*** As mentioned above, Lurie has worked closely with the Children's Hospital Association (CHA) on a national proposal to create federally designated networks, anchored by qualifying children's hospitals, to provide comprehensive and coordinated care services to children with complex medical care needs. A copy of this proposal is attached for your reference. On a nationwide basis, such children comprise about 6% of the Medicaid pediatric population but account for over 40% of Medicaid pediatric expenditures and delivery system reforms to promote the efficient management of their care should be a priority. We request that this policy initiative be specifically embraced in the proposed package of hospital/health system delivery system reforms, both as part of the Care Coordination Entity initiatives and as an explicit element of the incentive-based pools.

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- ***Incorporate initiatives related to pediatric specialists as part of delivery system reform.*** There is a critical shortage of pediatric specialists on both the local and national level. Pediatric specialist shortages are due to two economic disincentives to choosing a career in pediatric specialty care: the longer training times (two to three years on average) and an average Medicaid reimbursement that is nationally nearly 30 percent less than Medicare. In Illinois the gap between Medicare and Medicaid reimbursement is even wider. It should be noted that 1 in 3 children are covered by Medicaid making this program the largest payer of children's health care services.

  The American Board of Pediatrics (ABP) has tracked the child-to-physician ratio (per 100,000 children) for high impact pediatric specialty shortages. Below is a summary of the ABP data as of January 1, 2012.

Child-to-Physician Rate (per 100,000) for High-Impact Pediatric Specialty Shortages

Specialty	Number of ABP Diplomates in the United States	Child-to-Physician Ratio
Developmental Pediatrics	551	1.4
Pediatric Gastroenterology	1089	0.68
Pediatric Pulmonology	825	0.89
Pediatric Rheumatology	264	2.8

This chart illustrates that there are only 1.4 developmental pediatric specialists for every 100,000 children in the U.S.

Our ability to attract and retain these essential specialists to Illinois is hampered by grossly inadequate Medicaid reimbursement. The waiver should incorporate,

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as part of delivery system reform, a recognition that current reimbursement for pediatric specialists in Illinois works strongly against providing equal access to adequate care and treatment for Illinois children served by the Title XIX program and, moreover, contributes to inefficiencies in care. Reforms that specifically address reimbursement for pediatric specialists as part of models of care that enhance and leverage the ability of these providers to reduce costs and improve quality of care should be incorporated.

- ***Include pediatric specialist in workforce pathway.*** Lurie Children's applauds the recognition of the need to increase access to primary care physicians and a retooling of the healthcare work force. However, the commitment to enhanced Medicaid GME as part of the workforce pathway should not be limited to primary care alone, but should also embrace pediatric specialists. Moreover, we should not lose sight of the fact that the funding mechanism and loan re-payment is not ultimately the primary driver of developing an adequate supply of physicians. Rather, reasonable payments by the Medicaid program for physician services and the opportunity to manage the care of their patients without the encumbrance of Managed Care Organizations are fundamental to addressing workforce issues. According to a study published in The New England Journal of Medicine in 2011, children insured by Medicaid are far more likely than those with private insurance to be turned away by medical specialists or be made to wait more than a month for an appointment, even for serious medical problems. A comprehensive study, conducted by Dr. Karin Rhodes, points to lower payments by Medicaid, delays in payment and red tape as the reason children do not have access to pediatric specialists in Cook County. http://www.nejm.org/doi/full/10.1056/NEJMsa1013285#t=article

- ***Develop Innovative Solutions to Avoid Loss of Essential Medicaid Funding to the State of Illinois.*** All recipients of Medicaid receive services from health care providers who benefit from the taxes on hospitals and nursing homes. At Lurie Children's, the hospital tax supports $25.6 million of services that help provide access to children with complex medical needs. Despite this, Lurie Children's is still reimbursed $57 million less that its costs for the care it provides to children insured by state health care programs. The state law authorizing the Hospital Assessment programs sunsets on December 31, 2014. With expiration of the hospital assessment, and the reduction in the amount of permissible tax created by the move to managed care, we urge the State to find innovative solutions to this potential funding void.

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Finally, we wish to clarify what appears to be a misinterpretation of the existing transformation initiatives under way in the state of Illinois and hope that the 1115 waiver would further support and strengthen those initiatives. The Care Coordination Entity initiative was developed as a transformative innovation intended to change behaviors, improve access, improve quality and reduce costs for children and adults with medical complexity and/or disabilities. The waiver concept paper characterizes the CCE initiative as a pilot, which is inconsistent with the legislative intent that provider sponsored CCEs would be allowed and encouraged to develop and implement care coordination models for these fragile populations, given their expertise and experience in coordinating care for these populations.

Lurie Children's very much looks forward to the opportunity to continue to provide meaningful input on the Illinois Waiver and we will continue to provide world class services to Illinois children with medical complexities that we are privileged to serve.

Thank you for your consideration.

Sincerely,

Patrick M. Magoon
President and CEO

cc: Cristal Thomas
Michael Gelder